

TESTIMONY OF JAMES MOODY
BEFORE THE US SENATE SPECIAL COMMITTEE ON THE YEAR 2000 TECHNOLOGY
PROBLEM
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Mr Jim Moody is CEO/President of InterAction. InterAction is a member coalition of more than 160 international development, relief, and refugee agencies. He is also a former congressperson from Wisconsin.

Senators,

Thank you for the opportunity to appear before the US Senate Special Committee on the Year 2000 Technology Problem to address: 1) the potential impact of Y2K on humanitarian operations, 2) the need for a US foreign policy to address social and economic impacts, and 3) actions that the US Congress might take to address international Y2K issues.

Growing evidence indicates that both developing countries and Eastern Europe lag far behind in Y2K compliance. Y2K failure has the potential to seriously disrupt essential services such health, communications, banking, transport and public safety in the developing world, in which humanitarian crises are inevitable. Although it is difficult to make firm predictions, we do know that we may face a humanitarian problem of a magnitude never before faced by our planet. Yet there is still time to fix some computer systems, and for communities, businesses and developing countries to carry out Y2K contingency planning that can avert potential humanitarian consequences.

Our systems around the world are highly interdependent across sectors and borders. No one knows all the systems that will fail (although new ones are identified every day), or the effect of

these failed systems on developing countries. Nevertheless, Y2K disruptions could have serious impacts on commerce, government and public safety in these countries. For example, the production and distribution of electricity may be at risk in several developing countries. In addition to the obvious consequences of a loss of lighting and telecommunications, all systems and equipment that depend on electricity would be jeopardized. This will affect medical equipment and services, municipal water pumping and purification, banking and finance, etc. We know also that hospital refrigeration may be lost, endangering vaccines and blood 'cold chains.' Chemical plants that require refrigeration of potentially toxic materials are also at risk. Additionally, seaports and airports may be in jeopardy. The fuel supplies, in Russia, and eastern and western Europe, are not assured. If these problems are not adequately addressed in time, Americans abroad and the world community will undeniably face greater risk. Greater risks may include hazardous releases from chemical plants where diagnostics, safety and back-up power systems do not work properly, increased incidence of water- and airborne diseases, food shortages from transportation and electrical disruption, and hypothermia were heat fails hard during the winter.

US foreign policy has not yet addressed these humanitarian concerns at a level that the situation requires. The US Agency for International Development (USAID) has developed an all-purpose Y2K Management Tool Kit for the developing world, now being distributed by the Global Y2K Consortium, that addresses Y2K remediation, contingency planning and community preparedness. Other US agencies and departments are addressing a few select high-vulnerability systems internationally, such as nuclear power plants. But what is needed is a government-wide policy of taking those preventive actions that are yet possible, such as the distribution of the tool

kits and a coherent policy for responding to post-crash humanitarian crises internationally.

Elements of this policy should include funding and multilateral cooperation. This needs to be developed rapidly. Time remains to do it right, but it would be a shame to squander any further time.

InterAction became one of the founding members of the Global Y2K Consortium to assist in a widespread distribution of the Y2K Management tool kits. We strongly encourage US government agencies, private sector companies, and foundations to join the effort as a matter of the highest urgency.

If we don't take broad and proactive steps, it is inevitable that if the humanitarian impacts of Y2K disruptions are as severe and widespread as we now believe they will be, the US government and other governments of technologically advanced and wealthy countries will come under significant international and internal criticism. After all, this is a predictable humanitarian challenge. While we do not know all of the Y2K ramifications, we do know precisely when it will begin and the general nature of its impacts. We also have a good sense of which countries are most at risk. No one will be able to plead ignorance, in explaining why they did nothing.

The US Congress, and members of this committee, have done a good job keeping Y2K problems before the public eye, and in encouraging the executive branch to meet its Y2K needs. Now, as the focus shifts to the international arena, Congressional attention is equally needed, to ensure that a coherent policy is developed, proactive assistance to the developing world encouraged, and funding is available.

USAID, for example, is currently developing a Y2K Emergency Response System to assist in structuring assistance for technical problems that affect current development projects. This System might be used by other government agencies as they outline their roles in meeting Y2K reconstitution objectives. Lloyds of London estimates worldwide costs of Y2K at \$3 trillion. Foreign affairs budgets and staffing capability to fix things are small compared to the need that Y2K may create. Some of the Y2K problems will almost certainly affect the US economy and jobs, if not security interests, as other countries experience severe disruptions. If so, institutional and funding solutions should be identified and implemented with the assistance of the US Congress.

Thank you for your attention.